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October 18, 2011

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Dear Senator Sessions:

Thank you for introducing the Honest Budget Act. Your bill would go far to improve the budget's transparency and eliminate abusive or misleading practices.

In its November 2010 report, *Getting Back in the Black*, the Peterson-Pew Commission on Budget Reform recommended a comprehensive set of budget process changes they believe would provide similar help to policy makers and the public. Your proposal incorporates some of commission recommendations, such as improving budgeting for emergencies and changing the way we measure the cost of loans and loan guarantees.

Tightening the emergency designation of legislation and the procedures for applying it would be an important step in strengthening budget discipline. Providing a truer "fair value" estimate of the cost of extending government credit is another important reform. Two decades of experience with accrual treatment of federal credit has demonstrated that current valuation rules understate the subsidies that government provides through direct and guaranteed loans and other activities that shift risk to taxpayers.

Other reforms in your bill also would help bring more transparency, accountability, and honesty to the budget process. For example, your legislation would discourage or prohibit several devices – such as "advance appropriations" – which are commonly used to offset other spending but which fail to produce real long-term budget savings.

Thank you for your leadership on this important effort to add transparency and discipline to our budget process. Process reforms of this sort are not a panacea, but can be part of the solution to our fiscal challenge.

Sincerely,

Stevé Redburn Project Director

Peterson-Pew Commission on Budget Reform